

14 December 2022

ADX Welchau Gas Prospect (Phase 1) Farmin Completed And Well Site Drilling Access Agreement Signed

“Kepis & Pobe Financial Group Inc. has satisfied completion conditions including the payment of initial farmin funds. In addition, ADX has signed a land access agreement for the Welchau-1 drill site with the Austrian Forestry Ministry”.

Key points:

- Kepis & Pobe Financial Group Inc. (KPFG) has met the completion conditions in relation to the farmin agreement for funding 50% of the cost of the Welchau-1 exploration well to earn a 20% equity interest in the Welchau Farmin Area within the ADX' ADX-AT-II exploration license in Upper Austria by making an initial payment of predrill costs of EUR 197,000 as well as an option fee of EUR 100,000 (Option Fee). The Welchau-1 well cost is budgeted at EUR 3,810,000 (A\$ 5,910,000).
- By payment of the Option Fee, KPFG may also elect to fund a further 50% of the Welchau-1 well cost to earn a further 20% equity interest in the Welchau Farmin Area (Option). The Option election must be made by 21 January 2023. If KPFG elects to exercise the Option, the Option Fee will be offset against the additional payment for 50% of Pre-drill Well Costs (refer ASX Release dated 29 November 2022).
- ADX has also executed a land access and rental agreement for the Welchau-1 surface drilling location with the Austrian Forestry Ministry.
- Securing access to the Welchau-1 well site, in combination with the procurement of long lead items required for the drilling of the well, provides ADX with the certainty to progress the process of finalising regulatory approvals and the commitment to a drilling rig slot for the large Welchau gas prospect.
- **The Welchau prospect has the potential to contain an 807 Billion Cubic Feet (BCFE) equivalent (approx. 134 MMBOE) best technical prospective resource** ^{note 1} (refer ASX release dated 20 June 2022). Welchau is located up-dip from a gas discovery (Molln-1 well) drilled in 1989 which intersected at least a 400 m gas column, with 900 m interpreted from pressure data and tested condensate rich, pipeline quality gas (40 barrels per mmcf and maximum flowrate of 3.5 mmcfpd). The Welchau prospect is relatively shallow (less than 2000 m) and within tie-in distance to the national gas pipeline network (approx. 18 km). (Refer to Appendix 1 at the end of this release).

ADX Executive Chairman, Mr Ian Tchacos, said, *“The Board of ADX is delighted to report that drilling of Welchau gas prospect has gained increased certainty with the confirmation of farmin funding from Kepis & Pobe Financial Group Inc. and the agreement for land access with the Austrian Forestry Ministry at our preferred drilling location. At a time when certainty of access for exploration and development operations is becoming increasingly uncertain in many jurisdictions, ADX is very fortunate to be operating in oil and gas friendly Austria”.*

Note 1: The prospective resource estimates in this release are classified and reported in accordance with the PRMS – SPE Guidelines for the exploration licenses ADX-AT-I and ADX-AT-II, in the Molasse Basin, Austria. Refer to the end of this release for an explanation of prospective resource classifications used and the basis on which the prospective resources were estimated. Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that an initial agreed payment has been made by Kepis & Pobe Financial Group Inc. (KPFPG) to fund 50% of the Pre-drill Well Costs of EUR 197,000 (A\$ 305,000) for the Welchau-1 well and an option fee of EUR 100,000 (A\$ 155,000) in accordance with a Joint Development Agreement (JDA) signed on the 28th of November 2022 to fund the drilling of the Welchau gas prospect in ADX-AT-II exploration license in Upper Austria. The Welchau-1 well drilling expenditure is budgeted at up to EUR 3,810,000 (A\$ 5,910,000).

Under the terms of the JDA, KPFPG will fund 50% of the Welchau-1 well drilling expenditure to earn a 20% equity interest in the Welchau Farmin Area. By the payment of the Option Fee, KPFPG may elect to fund a further 50% of the Welchau-1 well drilling cost to earn a further 20% equity interest in the Welchau Farmin Area on or before 21 January 2023 (refer ASX Release dated 29 November 2022).

Assuming KPFPG exercises the Option to fund the entire Welchau-1 well cost, at the completion of its farmin obligations, KPFPG will hold 40% equity interest and ADX will retain a 60% equity interest in the Welchau Farmin Area (refer to Appendix 1, Figure 1 at the end of this release).

Land Access

In addition to the to completion of the farmin agreement with KPFPG, ADX has executed a land access and rental agreement for the Welchau-1 surface drilling location with the Austrian Forestry Ministry. The finalisation of the land access agreement for the Welchau-1 well site in combination with the procurement of long lead items required for the drilling of the well provides ADX with the certainty to progress the process of obtaining regulatory approvals from the Austrian Mining Authority and all relevant local authorities together with the commitment to a drilling rig slot for the large Welchau gas prospect.



Photograph of the Welchau-1 well surface location showing relatively flat ground and excellent road access. The site is ideally located in terms of the trajectory for the well's bottom hole location.

Welchau Well Planning and Approvals

ADX will provide regular updates in relation to well planning and permitting for the Welchau-1 well. ADX is seeking to obtain the necessary regulatory approvals and access to a drilling rig slot to enable drilling the Welchau-1 well during the first half of 2023.

For further details please contact:

Paul Fink

Chief Executive Officer

+61 (08) 9381 4266

paul.fink@adx-energy.com

Ian Tchacos

Executive Chairman

+61 (08) 9381 4266

ian.tchacos@adxenergy.com.au

Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.31, 5.41 and 5.42 the technical and reserves information relating to Austria contained in this release has been reviewed by Paul Fink as part of the due diligence process on behalf of ADX. Mr. Fink is Technical Director of ADX Energy Ltd is a qualified geophysicist with 25 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr. Fink has reviewed the results, procedures and data contained in this release and considers the resource estimates to be fairly represented. Mr. Fink has consented to the inclusion of this information in the form and context in which it appears. Mr. Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

Appendix 1

Welchau Gas Prospect Summary

The Welchau gas prospect has best technical resources estimated by ADX at 807 BCFE (134 MMBOE) ^{Note 1}. It is potentially connected to an accidental gas discovery at the Molln-1 well which was drilled and extensively tested in 1989. The Molln-1 tested pipeline quality gas at a rate of up to 3.5 mmcfpd down dip from the Welchau proposed drilling location.

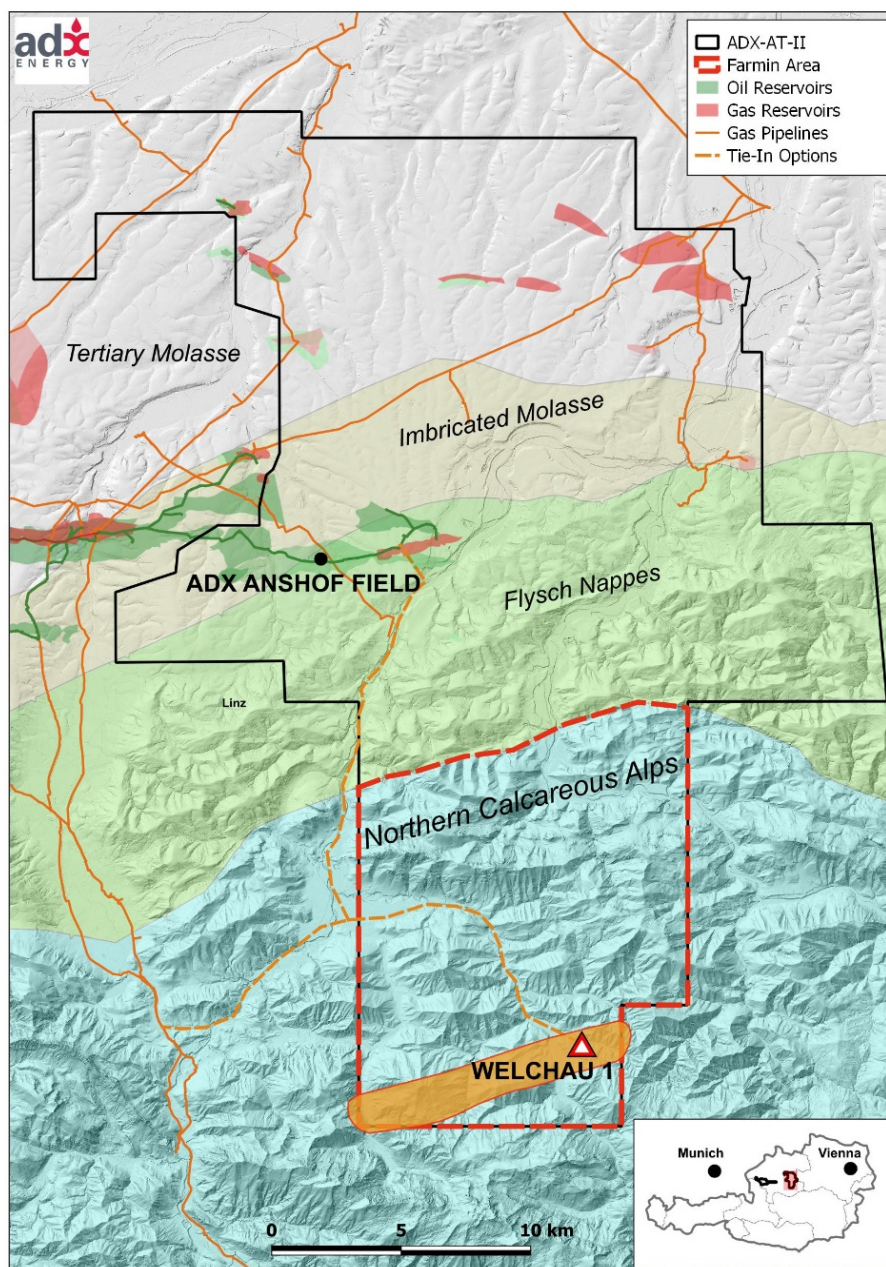


Figure 1: Map showing ADX-AT-II license area, the Welchau Farmin Area (Red Dashed Border), the Welchau-1 drilling location in the Northern Calcareous Alps as well as the recently discovered and now producing Anshof oil field to the north

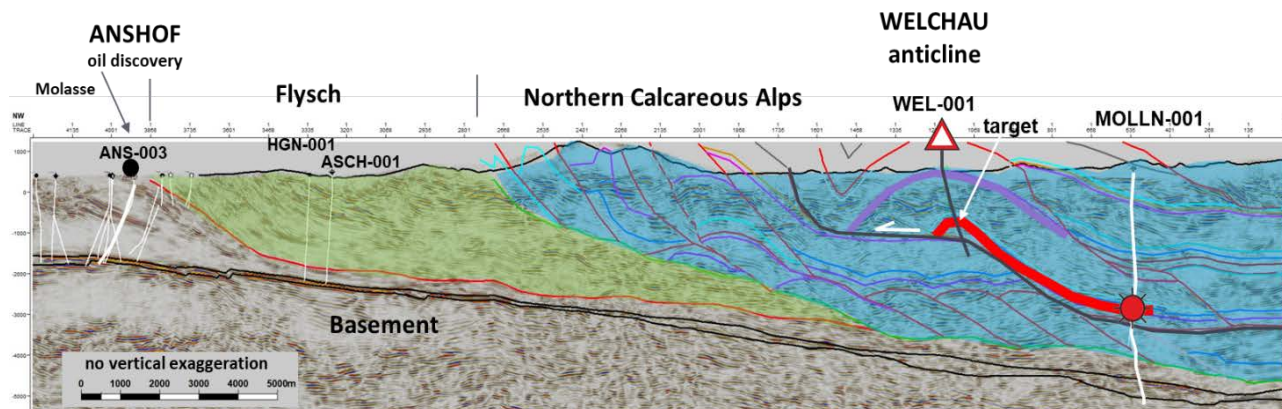


Figure 2: Geoseismic Cross Section showing the Molln-1 well in the south, the giant Welchau thrust anticline and the ADX Anshof-3 production well in the north. Note that the Molln-1 well was targeting an Anshof play type at ca. 5700 meters of depth but accidentally made a significant gas discovery (red highlight) much shallower within the thrust belts of the Northern Calcareous Alps which will also be targeted at Welchau

The gas prospect is located in the foothills of the Austrian Alps and is analogous to the large anticline structures discovered in Kurdistan and the Italian Apennines. Welchau is a relatively shallow prospect (approx. 1120 m TVD). There is excellent access to the planned drilling location via roads and a short tie-in distance to the national gas pipeline network (approx. 18 km).

The main target at Welchau is the Triassic Steinalm Formation, a fractured carbonate reservoir trapped in a trending ramp anticline with more than 20 km lateral extent and 100 km² maximum closure area. The structure is defined by extensive outcrop mapping and balanced 2D cross sections along a profile parallel to the shortening direction.

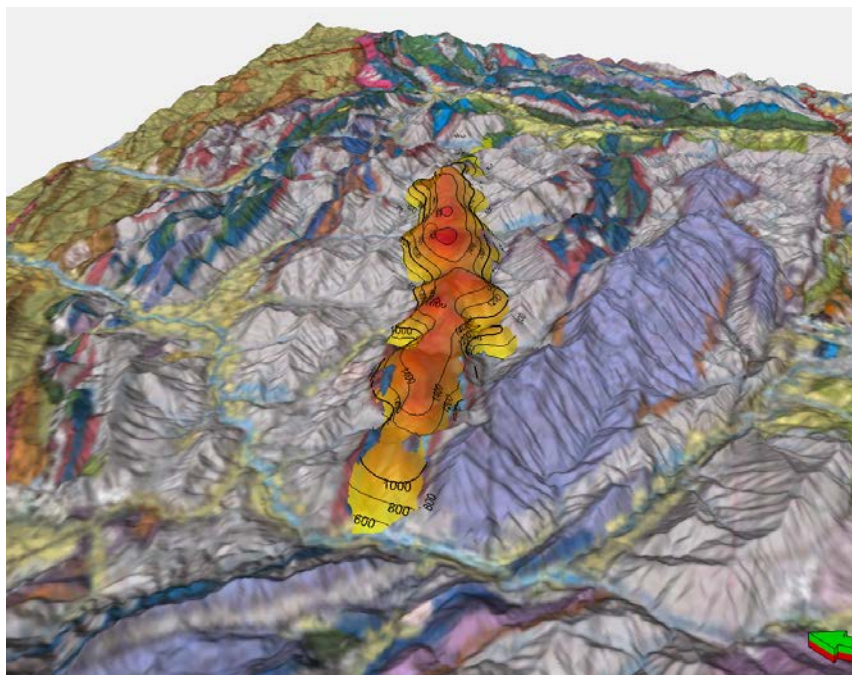


Figure 3: Surface expression of the Welchau anticline with 23 km lateral extension and 100 km² area

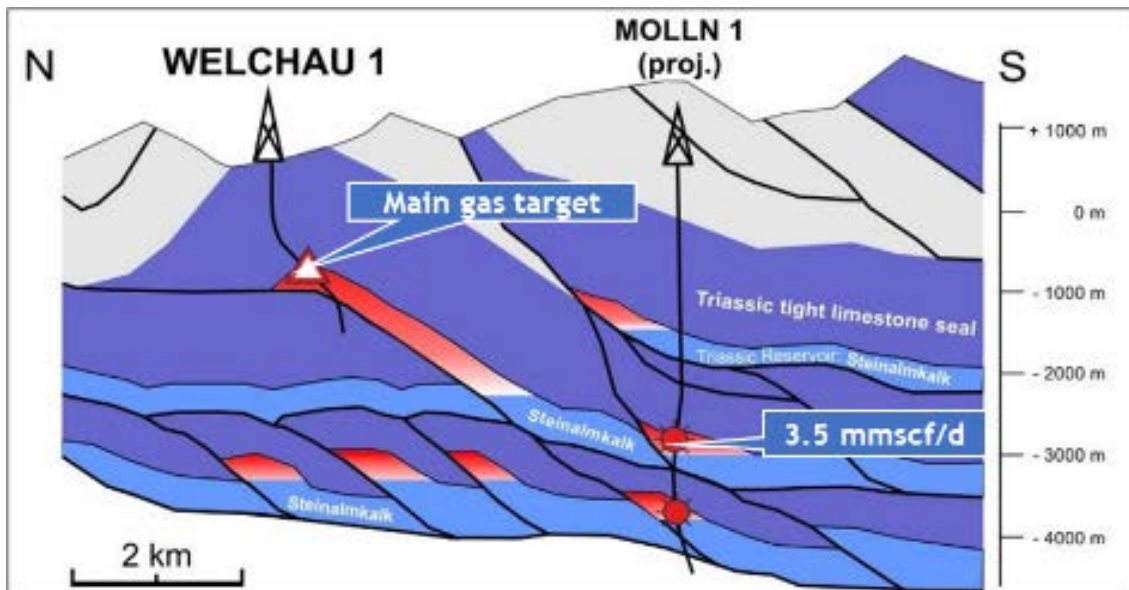


Figure 4: Schematic cross section of the Welchau gas prospect and the Molln-1 gas discovery



Figure 5: Molln-1 well gas test in 1989

ADX prospective resource estimates for the Welchau prospect are summarised below.

Welchau Gas Prospect				
Prospective Recoverable Resources Estimates				
		Minimum	Best Technical	Maximum
Gas	BCF	171	651	1315
<i>Oil equivalent</i>	<i>BOE</i>	29	108	219
Condensate	BBLs	6.8	26	52.6
Total Oil Equivalent	BOE	35	134	272
Total Gas Equivalent	BCFE	212	807	1631
<i>Mcf per BBl conversion used</i>		6		

The original Resources Reporting Date for Welchau prospective resources was on 16 May 2022, the estimates were further revised on 20 June 2022.

The Molln-1 well located down dip of Welchau was drilled and tested in 1989. The results from this nearby well have significantly reduced risk in the following areas;

- Gas quality and gas charge has been demonstrated by gas flows during testing that also confirmed a high condensate yield (40 barrels per mmcf);
- Reservoir productivity of Triassic Steinalm Formation which was tested at 3.5 mmcfpd; and
- The quality of the top seal to hold a large gas column (900 metres interpreted from pressure and well test data, minimum 400 metres).

Reporting Standards for Resource Estimation

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

Prospective Resource Classifications

Low Estimate scenario of Prospective Resources - denotes a conservative estimate of the quantity that will actually recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate scenario of Prospective resources - denotes the best estimate of the quantity that will actually be recovered from an accumulation by an oil and gas project. It is the most realistic assessment of recoverable quantities if only a single result were reported. When probabilistic methods are used, there should be at least a 50 % probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate scenario of Prospective Resources - denotes an optimistic scenario of the quantity that will actually be recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will be equal or exceed the high estimate.

ADX has only reported Best Estimate Prospective Resources Scenarios in this release.

ASX RELEASE

Nomenclature and conversions used in this release

BBL means US barrel

MMBLS means millions of US barrels.

MCF means thousand cubic feet

MMCF means million cubic feet

BCF means billion cubic feet

TCF means trillion cubic feet

BOE means barrels of oil equivalent

MMBOE means millions of barrels of oil equivalent

Oil to gas energy equivalent conversion: 1 BBL = 6 MCF

End of this Release